



CITY OF KENT

SCHEDULE A - SERVICE INCOME APPORTIONMENT DETAIL

ATTACH TO BUSINESS & OCCUPATION TAX RETURN AND MAIL TO:

City of Kent B&O Tax
P.O. Box 84665
Seattle, WA 98124-5965

WA State Tax Registration Number (TRN)	City Business License Number	Tax Reporting Period (Quarter/Year)	Date Due (See Instructions)

Line No.		Amount
	I. Apportionable Gross Service Receipts	
1	Enter total gross service receipts	
2	Subtract any appropriate deduction allowed in Section 3.28.100 of the Kent City Code	
3	Apportionable service receipts (subtract line 2 from line 1) <i>enter amount on this line</i>	
	II. Payroll Factor*	
4	Enter total Kent payroll costs	
5	Enter total company-wide payroll costs	
6	Payroll factor (divide line 4 by line 5) <i>enter amount on this line</i>	
	III. Service-Income Factor	
7	Enter total Kent service receipts	
8	Enter total company-wide service receipts	
9	Service income factor (divide line 7 by line 8) <i>enter amount on this line</i>	
	IV. Kent Taxable Service Receipts	
10	Total apportionment factor (add lines 6 and 9) <i>enter amount on this line</i>	
11	Percentage of service income apportioned to Kent (Divide line 10 by the number 2)*	
12	Kent taxable service receipts (multiply line 3 by line 11)	
13	Enter Kent gross receipts exemption (see Instructions)	
14	Kent taxable service receipts (net of exemption) Enter amount on this line AND on Business & Occupation Tax Return line 6 column 5	

FORMULA EXAMPLE:

Service and Other income is apportioned to a city by multiplying service income by a **payroll factor** (based on the payroll within the city), plus the **service-income factor** (based on the income producing activity attributable for tax purposes within the city), divided by two.*

$$\text{Total Taxable Service Income} \times \frac{(\text{Payroll Factor} + \text{Service Income Factor})^*}{2}$$

$$\text{Payroll Factor} = \frac{\text{Total Compensation Paid in Kent}}{\text{Total Compensation Paid Company-Wide}}$$

$$\text{Service Income Factor} = \frac{\text{Total Kent Service Receipts}}{\text{Total Company-Wide Service Receipts}}$$

*If a business has no employees in any location, such as a sole proprietorship without any employees, then the payroll factor is zero and the apportionment reverts to a single factor formula using the service factor only. In this case divide the service factor by 1.

Instructions for Schedule A – Service Income Apportionment Detail

I. Gross Service Receipts

Line 1: Please insert the total gross service receipts for your business.

Line 2: Please insert the amount of gross receipts deductible under Section 3.28.100 of the Kent City Code. Exclude any interstate deduction as this schedule apportions company-wide service income.

Line 3: Subtract line 2 from line 1 and enter this amount on line 3. This is your total apportionable service receipts.

II. Payroll Factor

Enter the City Payroll for the Following Employees		Payroll Costs
a.	Total payroll for employee(s) whose assigned office or work station is located within the city;	a.
b.	Total payroll for employee(s) who are not primarily assigned to any place of business for the tax period and the individual performs fifty percent or more of his/her service for the tax period in the city; and	b.
c.	Total payroll for employee(s) not primarily assigned to any place of business for the tax period and the individual does not perform fifty percent or more of his/her service in any city, but that person resides in the city.	c.
Line 4 – Total city payroll – add lines a, b, and c Enter on line 4.		

Line 5: Enter on line 5 the total payroll for all locations (the amount in line 4 plus the payroll for employees in all other locations outside the city)

Line 6: Calculate Payroll Factor – Divide line 4 by the amount in line 5. Enter the calculated amount as a percentage on line 6. If a business has no employees then there is no payroll factor. If there are no employees within Kent, but there are employees elsewhere, then the payroll factor for Kent is zero.

Enter the Service Gross Receipts in the City		Service Receipts
a.	Total gross receipts from customers whose location is within the City of Kent; or	a.
b.	Total gross receipts of income-producing activities performed in more than one location where a greater proportion of the service-income-producing activity is performed within the City of Kent than in any other location, based on costs of performance, and the taxpayer is not taxable at the customer location; or	b.
c.	Total gross receipts of service-income-producing activities performed within the City of Kent, and are not taxable in the customer location.	c.
Line 7 – Total city receipts – add lines a, b, and c Enter on line 7.		d.

Line 8: Enter on line 8 the total gross service receipts for all locations (the amount in line 7 plus the gross receipts from all other locations outside the city).

Line 9: Calculate Service-Income Factor – Divide line 7 by the amount in line 8. Enter the calculated amount as a percentage in line 9.

IV. Taxable Service Receipts

Line 10: Add line 6 and line 9. Enter the calculated amount on line 10. This is the total apportionment factor.

Line 11: Divide line 10 by the number 2, if two factors remain. If there is no payroll factor, divide line 10 by the number 1. Enter the calculated amount as a percentage of line 11.

Line 12: Multiply line 3 by line 11. Enter the calculated amount on line 12. This is your city taxable service receipts.

Line 13: Taxpayers may exclude up to \$62,500 of gross receipts in each reporting period. If more than one tax classification is used, then allocate this exemption amount on a proportionate basis based on total gross receipts per line 10 Column 2 of the Business & Occupation Tax Return and the exemption per line 13 of Schedule A – Service Income Apportionment Detail. The total of these amounts must not exceed \$62,500.

Line 14: This is your city taxable service receipts net of the city gross receipts exemption. If the amount is less than or equal to zero, then enter "0" on this line. Enter this amount on the Business & Occupation Tax Return: line 6 (Service & Other Apportioned), column 5 (Taxable Receipts).